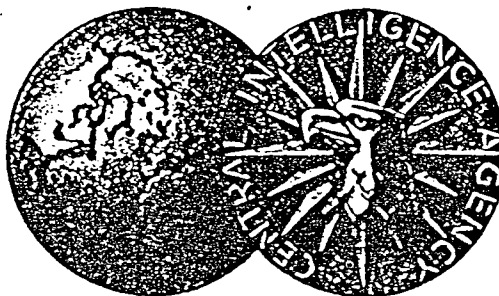


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EVALUATION OF SOVIET-YUGOSLAV RELATIONS (1950)



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EVALUATION OF SOVIET-YUGOSLAV RELATIONS (1950)

SUMMARY

The failure of past Soviet tactics toward Yugoslavia, demonstrated in the fact that the position of the Tito government has improved, forces the USSR to revise its estimates as to the vulnerability of the Tito government. The USSR has made no appreciable progress toward overthrowing the Tito government, and its short-term capabilities against Yugoslavia, insofar as they depend on economic, political, diplomatic, and subversive measures (but exclude military action), have been reduced. The Kremlin must, however, continue to be deeply concerned by the ideological threat represented by the continuance in power of the present Yugoslav Government quite apart from the significant loss of the Yugoslav strategic, economic, and military potential. The USSR, therefore, will probably not discard its minimum goal of preventing Yugoslav stabilization, or its maximum aim of recapturing Yugoslavia as a Satellite state.

Future Soviet tactics against Yugoslavia are likely to include a sharp accentuation of propaganda against the "Fascist Tito clique," diplomatic pressures, continuation of the economic blockade, further attempts at subversive activity, military maneuvers along the Yugoslav periphery, and the creation of border incidents.

Large-scale guerrilla warfare against Yugoslavia does not appear likely in 1950, and if re-

sorted to, would probably prove ineffective in unseating the Tito government. In view of the currently greater likelihood of Western material and moral support of Yugoslavia against any Soviet aggression, the Kremlin will probably not resort to actual invasion during 1950.

Despite the unpopularity of many aspects of Tito's program, the Tito government will probably be politically, economically, and militarily stronger in 1950 than at any time since the Cominform break, and the Yugoslav Armed Forces are still definitely superior to the combined military forces of the neighboring satellites. Although the Yugoslav Government has been forced to reduce many of the goals of its Five Year Plan, production is improving and generally exceeds prewar levels. The realization of current Yugoslav goals and the internal stabilization of the country will be significantly influenced by the extent of Western support. In view of the continued Yugoslav dependence on the West, Tito will continue to make unobtrusive but concrete efforts to settle outstanding issues which impede the improvement of mutual relations. The strides made by the Yugoslav Government in its accommodation with the West are expected to strengthen Yugoslavia sufficiently to enable it to resist probable Soviet pressures during 1950.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. It contains information available to CIA as of 17 April 1950.

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EVALUATION OF SOVIET-YUGOSLAV RELATIONS (1950)

1. Titoist Yugoslavia as a Threat to the USSR.

a. *Ideological Threat.*

Soviet failure to stamp out the Tito heresy in 1949 and the growing consolidation of Tito's position have forced the Kremlin to re-evaluate the Yugoslav defection, with particular reference to its present and future impact on the Soviet power position. Moscow's concern has centered primarily on the ideological threat to Soviet power represented by the "Titoist clique." The Yugoslav Communists have, in essence, accused Moscow of deviating from true Communism to Russian imperialism. They further charge the Kremlin with promoting its own ends at the expense of the international Communist movement, through a denial of equality to the non-Russian Communist parties.

Unlike earlier heresies within the Communist movement, Titoism is embodied in an independent state guarded by strong military and security forces. Consequently, any overt Soviet move against it would not be lightly undertaken or easily consummated. The Soviet Government, therefore, before embarking on a course of action for which it would have to bear full international responsibility, must consider carefully whether the eradication of Titoism at its source is imperative at any cost. It does not appear that the ideological threat represented in Titoism has yet achieved such intensity or magnitude.

The Kremlin, in fact, has had long experience in dealing with deviationists of all hues and is fully aware of the dangers inherent in "national deviation." While its sovietization of the Satellites has aggravated the problems of nationalism within the Russian orbit, recurring purges have probably strengthened the Kremlin's control of potential "Titoists." Outside the sphere of immediate Soviet control, all Communist parties have been called upon by Moscow to take preventive steps against the spread of "Titoism," especially in Western Europe. However, so long as Yugoslavia continues to offer a Communist alter-

native to Kremlin domination, Moscow's claim to ideological supremacy can be challenged. The attraction of independent Communism will probably continue to grow as greater numbers of people become disabused of their illusions regarding the purity of Moscow's intentions. This Titoist influence, however, is still confined to intellectual circles and is as yet barely perceptible among the party masses, even though these are intrinsically susceptible to the Nationalist concept. Moreover, the ranking Communist leaders abroad do not appear to have lost any of their traditional submissiveness to Moscow's directives.

While future Soviet tactics toward Yugoslavia will depend largely on the extent to which Titoism threatens Moscow's control of world Communism, the disproportion between Moscow and Belgrade in resources, prestige, and techniques affords the Kremlin many ways of "containing" the spread of Titoism.* Consequently, despite the possibility that Titoist splinter parties will be founded by leaders who have lost favor with Moscow or who seek greater independence of action, the Kremlin's hold on the world Communist apparatus will probably not be gravely weakened in 1950.

b. *Strategic Threat.*

The Tito defection has deprived the Soviet Union of its strongest bastion in southeastern Europe, one which formerly gave the USSR direct access to the Mediterranean area and served as a formidable base for exerting pressure on the Western outposts of Greece, Italy, and Austria. The loss of Yugoslavia has, therefore, reduced Soviet capabilities and weakened the strategic position of the USSR in the Balkans and the East Mediterranean. So long as Yugoslavia remains beyond Soviet control, Albania is rendered less secure, while

*Strategic considerations which might determine Soviet tactics vis-à-vis Yugoslavia if the USSR were contemplating war with the West in 1950 are not included in this section, in view of other estimates of East-West developments during 1950.

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present prospects for a renewal of the Greek war are remote. Moreover, the strategic significance of Yugoslavia, either as an obstacle to Soviet expansion westward or as a potential Western base in the Balkans, will progressively increase as Yugoslav ties with the West grow stronger.

c. Economic Threat.

The loss to the USSR of the Yugoslav economic potential constitutes a significant but not critical economic setback to the Soviet-controlled area. Although the economic blockade of Yugoslavia and the consequent drying up of Yugoslav exports to the Soviet bloc temporarily caused material stringencies in certain lines of Satellite production, this strain has now been alleviated by procurement through alternate sources of supply. Recent Satellite trade agreements indicate that these materials are being, or will be, obtained from non-Communist countries, especially from South America.

Of considerably greater importance to the Soviet power position is the fact that under the present circumstances, the USSR cannot hope to dominate the Yugoslav economy, with full control over the Yugoslav ports, rivers, railroads, airfields, mining, manufacturing, and agriculture. This has meant for the USSR the loss of an important economic-military potential. In the event of war, important logistical support could be lost as well.

2. Soviet Capabilities and Intentions.

Although the Kremlin has progressively isolated Yugoslavia from the orthodox Communist world, the Cominform propaganda, subversion, and diplomatic reprisals designed to persuade or coerce the Yugoslav Communists into repudiating the "Tito clique" have so far failed conspicuously. The major Soviet-bloc move against Tito in 1949, and the one most calculated to disrupt Yugoslavia internally, consisted in a stringent tightening of its economic blockade of the country despite the resultant harm to Satellite economy. This, too, Yugoslavia is successfully overcoming. Similarly, indirect Soviet military pressures on Yugoslavia have not unnerved the Yugoslav people but, on the contrary, have proved decisive in focusing world

attention on what had been restricted initially to an intra-party controversy. Yugoslavia's election to the UN Security Council despite bitter orbit protests was the climax of a year of ineffectual Soviet maneuvering against the Tito government.

a. Available Courses of Action.

The USSR is now forced to seek other, probably longer-term methods for eliminating the Tito government. In view of Yugoslavia's current transitional politico-economic problems, however, the Kremlin has probably not discarded its hope of fomenting sufficient disorder within Yugoslavia to achieve either its minimum goal of disrupting Yugoslav stabilization or its maximum aim of recapturing Yugoslavia as a Satellite state.

The Kremlin still has available, either singly or in combination, the following courses of action against Yugoslavia: (1) to limit its efforts to the "quarantining" of Titoism as a virulent manifestation of "Western Fascism"; (2) to continue the present war of nerves; (3) to reorganize and intensify efforts to undermine the Tito government internally; (4) to resort to guerrilla warfare based on adjacent Satellites; (5) to invade Yugoslavia with Soviet or Soviet and Satellite military forces; and (6) to seek a political settlement with Tito.

(1) Efforts to Quarantine Titoism.

The propaganda device whereby Tito has been quarantined as a "Fascist tool" of the West will be used increasingly by the Kremlin as a major means of sealing off the Satellite countries and world Communist movement from further Titoist influence. The device has other uses. By repudiating Tito ideologically and by building up the thesis that Tito is not and never has been a true Communist, that he has always been a Fascist agent, and that he is beyond redemption, the Kremlin may establish the corollary that it has no further immediate responsibility in the matter—that Yugoslavia is to be treated like any other capitalist-imperialist nation. Even after such treatment, however, Tito could still be eliminated by force on the grounds that he represents an aggressive instrument of Western imperialism. The quar-

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antining process can thus serve both as a defensive and an offensive weapon.

(2) *Continuation of the War of Nerves.*

The Kremlin will continue the war of nerves if only for the reason that any relaxation of Soviet pressures on Yugoslavia would gratuitously facilitate the stabilization of the Tito government. In addition, this form of pressure provides the USSR with a useful pretext for its campaign to tighten controls over the Satellites, supposedly imperiled by Titoist machinations. It furnishes a reason for continued improvement in Satellite armies and military installations and supplies an excuse for training maneuvers along Yugoslav borders. Such activities, furthermore, keep Yugoslavia in a state of tension, and may be a factor contributing to the continued maintenance of a large standing army. This on the one hand causes a sizable economic drain on the country and on the other serves as "proof" of Tito's alleged militarism.

It is possible that the war of nerves may be extended to force a severance of Yugoslavia's diplomatic ties with the Satellites or to include such measures as prohibiting Yugoslav traffic through Soviet-controlled territory.

(3) *Intensified Soviet Subversion.*

Although any underground penetration of Yugoslavia presents exceptional difficulties and hazards, the Kremlin may well believe that the coming months will prove to be an optimum period in which to intensify the activities of agents already in the country and to introduce new groups of militant subversives. On the basis of available evidence, there has so far been little sabotage attempted; subversive activities have been limited or abortive, and efforts to establish a Cominform underground in the country have apparently been thwarted by the efficient Yugoslav security system.

According to numerous reports from the countries bordering Yugoslavia, a limited traffic in agents across the Yugoslav frontiers has existed for some time. A number of camps for the training of Cominform partisan specialists have been identified in Hungary, Rumania, Bulgaria, and Albania. The number of partisans in these camps reportedly averages from 100 to 300, while the type of

training which has been given over a period of months apparently concentrates on espionage, sabotage, and propaganda, rather than on guerrilla warfare. As their training is completed, the Kremlin will probably seek to infiltrate increasing numbers of the trainees, either singly or in small groups, into Yugoslavia during 1950.

The primary purpose of these agents, on the basis of Cominform directives, would be to gather detailed information on conditions in Yugoslavia, which the Cominform admits is a prerequisite to an effective propaganda campaign, and which would form the basis of future Soviet intelligence estimates. In addition, they would seek to reorganize or reconstitute party cells favorable to the Cominform and opposed to the regime. The activities of these agents—sabotage, subversion, fomenting of labor unrest, staging of ostensibly spontaneous uprisings, and possibly the assassination of Yugoslav leaders—would be made to seem of native origin and would thus lend substance to Soviet allegations that the Yugoslav people are in a state of rebellion against the "Titoist police state." Finally, such activities would place increased material and psychological strains on the Yugoslav state. It is estimated, however, that these efforts at overthrowing the Tito government from within would not meet with any marked success.

To the above three probable Soviet courses of action should be added three more which may be attempted but are far less likely.

(4) *Guerrilla Warfare.*

Recourse to guerrilla warfare across the Yugoslav borders, while it might provide the Kremlin with a means of disrupting the border regions and recruiting additional malcontents, would meet with serious difficulties unless it were adequately supported by other forms of pressure. Of itself, it would probably do the Cominform more harm than good. To be successful, guerrilla forays across the Yugoslav border would require considerable popular support within Yugoslav areas where, according to reports, the Kremlin would have inadequate popular backing. Large-scale guerrilla bands on the previous Greek pattern would probably be unable to overcome Yugo-

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slav defenses and would afford ideal targets for counterattacks by the Yugoslav security forces. Moreover, Moscow may estimate that guerrilla warfare against the Tito government would increase the possibility of Western military aid and political support for Yugoslavia.

If, on the other hand, Moscow could succeed in creating sufficient disorder and tension within Yugoslavia through the infiltration of agents, guerrilla activities might prove feasible as part of an attempt to establish a foothold within the country for a so-called Yugoslav resistance government.

(5) *Military Attack.*

Although a number of important factors will tend to deter the USSR from resorting to open invasion in 1950, the possibility of direct military action by the USSR cannot be entirely excluded. Because the Satellite armies alone are as yet incapable of waging offensive war, any attack short of an invasion of Yugoslavia with a minimum of 25-30 Soviet divisions plus overwhelming air and armored support would probably result in a prolonged stalemate. Furthermore, since Tito may be expected to offer determined resistance in the Yugoslav mountains, the Kremlin has no assurance that it could subdue Yugoslavia before Western aid had time to materialize. In view of official US pronouncements that it would regard with concern any attack on Yugoslav independence, the Kremlin is, moreover, unable to assume that armed conflict with Yugoslavia could be localized. Finally, an overt Soviet military move against Yugoslavia would contradict the current Soviet "Peace Offensive," which promises to be a major propaganda policy of the USSR for some time to come. Unless the Tito government could be provoked into rash retaliatory action, the USSR would have great difficulty in justifying aggressive action against Yugoslavia.

(6) *Soviet-Yugoslav Reconciliation.*

In spite of its differences with the Kremlin, the Tito government continues to follow a Marxist-Leninist line. Moscow could, therefore, conceivably undertake a settlement of its differences with the Tito regime. Although such a solution remains theoretically possible, it appears highly improbable for the

immediate future. To anticipate that the present Yugoslav leaders would willingly face the personal risks involved in a "deal" with Moscow, or that the Kremlin will modify its policy of dictating to its Satellites, would appear to be unrealistic. Moscow's prestige and power would seem too deeply involved for the Kremlin to accept a settlement on any basis except complete capitulation of the "Tito clique."

b. *Future Tactics.*

In short, Soviet tactics against Yugoslavia in 1950 will probably include sharply accentuated propaganda aimed at fostering internal discontent, additional diplomatic pressures, continuation of the economic blockade, an organized effort to infiltrate agents into the country, increased military maneuvers along the Yugoslav border, repeated border incidents, and, possibly, limited guerrilla warfare but not direct attack.

3. *Yugoslav Capabilities.*

The Yugoslav Communist Party, having successfully survived the splitting tactics of the Cominform, is probably closer-knit in its loyalty to Tito than it has been at any time since the original Cominform denunciation of the "Tito clique." The November 1949 Cominform Resolution constituted an admission of failure by the Kremlin in its previous effort to recapture control of the Yugoslav Communist Party. Although there is no figure in Yugoslavia who could rival Tito in prestige, the Yugoslav Politburo would probably remain in control and continue the present government policies even in the event of Tito's assassination. The probably small number of Yugoslav Communists who might favor a return to the Cominform fold are believed to be largely known to the authorities and kept under close surveillance. Moreover, the strength, loyalty, and effectiveness of the Yugoslav security forces are estimated to be amply capable of assuring internal order in the face of any likely intensification of Cominform subversive activities.

Although the people of Yugoslavia have not modified their basic hostility toward Communism, the internal position of the Tito gov-

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ernment has been strengthened by its courageous assertion of Yugoslav nationalism. The basically pro-Western sentiments of the Yugoslav people have doubtless been stimulated by growing evidences of closer ties between Tito and the West, as well as by the hope that Western influences will have at least a moderating effect on the government's internal policies.

a. Strengthening of Internal Support.

Forced by the Cominform campaign to depend for support and loyalty on the Yugoslav people as a whole, the Yugoslav Government is apparently beginning to attach greater importance to the necessity of broadening its popular support. While no concessions can be expected which would weaken the hold of the Communist dictatorship, or materially affect its internal security, the Tito government has undertaken to propagate the belief in a Yugoslav "democratic socialism" as contrasted with Soviet "bureaucratic centralism." Some effort therefore is likely to be made, at least ostensibly, to render more flexible and efficient the regime's bureaucratic administration of the country. Somewhat greater heed will probably be paid to useful non-Communist elements willing to cooperate with the regime. In the event of greatly intensified Soviet pressure, the Tito government would probably be able to make a successful appeal for national unity and a common defense of the homeland.

b. Economic Situation.

Currently, it is apparent that the present emphasis on industrial development to the immediate detriment of living standards will continue. Although there will probably be a gradual improvement in the position of the consumer, his status will remain woefully low by Western standards. The Soviet-Satellite economic boycott has been in effect for over a year, but in this period Yugoslav production in all major categories has risen. In 1949, production gains were registered in agriculture, non-ferrous metals, chemicals, iron, steel, electric power, timber, and freight movements. In all these, performances approximated or exceeded those of the prewar period. Western sources of supply have successfully

replaced the Soviet orbit for all critical imports and will be better able to supply equipment needed for expansion. Weak spots are evident in the overintensive utilization of equipment with inadequate maintenance and replacement, the shortage of industrial managers, engineers, technicians, and skilled laborers, the high rate of labor turnover and absenteeism, the very slow improvement in living standards which are still below prewar levels, and the shortage of foreign exchange. Many of these difficulties, however, will be alleviated by the end of the present Five Year Plan in 1951. New equipment and repairs will outweigh deterioration of existing facilities; the shortage of industrial managers, engineers, technicians, and skilled laborers will be offset by foreign assistance, training, and experience; and the high rate of labor turnover and absenteeism will be checked by more stringent government controls similar to those adopted early in 1950. The extent of improvement in the living standards will depend, for the most part, on the course of action to be taken by the government.

The foreign exchange shortage has presented a critical problem which has been partially resolved by Western aid already promised and would be further alleviated by the granting of assistance currently contemplated. Much of this financial aid is tied to the purchase of certain specific types of equipment which will increase the future capacity to export, but not enough of this equipment will be in operation by 1951 to provide sufficient exports to correct the present import balance. However, if the extensive trade pacts which have been concluded with the West can be put into effect, a substantial realization of the Yugoslav production goals for 1950 and 1951 should occur. The objectives of the Five Year Plan as originally outlined, however, will not be achieved on time in their entirety, and in fact many of the goals have already been reduced. Yugoslavia's past economic performance, its known natural resources, and the success thus far evinced in reorienting Yugoslav trade from Eastern to Western Europe indicate that the Yugoslav economy may be expected to make further economic gains during 1950.

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The solution of Yugoslav financial problems, however, depends largely on the proper expenditure of foreign exchange. The Communist policy of concentrating on imports of production equipment has resulted in shortages of exchange for purchase of raw materials and has slowed improvements in standards of living. Moreover, undue stress on the import of capital equipment items will at least temporarily overtax Yugoslav technical capacity. These problems must be resolved if Yugoslavia is ever to stabilize its foreign exchange position and obtain maximum utilization of the Western aid now being extended.

c. Military Capabilities.

Despite the gradual improvement of the Satellite armies, Yugoslavia is militarily stronger than all of its Satellite neighbors combined. Although the USSR in the latter part of 1949 moved an estimated 2-3 mechanized divisions into Hungary and Rumania (making an estimated total of seven Soviet divisions on the Yugoslav periphery), Tito has increased only slightly the total number of men under arms.

The disposition of Yugoslav troops remains generally unchanged, with the main concentration in Macedonia. There has been a slight trend toward decreasing troop strength in northwestern Yugoslavia and in the areas bordering on Hungary and Rumania, especially the Voivodina Plain. Some preparations have also been noted in improving defenses in the Yugoslav mountains. Even though a full-scale Soviet attack could quickly overrun the northern Yugoslav plain and take Belgrade, the Yugoslav Army would be able to offer determined resistance in the mountainous terrain to the west and southwest. The Yugoslav Air Force, totaling 719 planes capable of opposing the neighboring Satellite air forces, probably could not resist Soviet-backed aggression for any length of time.

The lack of adequate manufacturing facilities for military equipment within the country will result in growing shortages and progressive deterioration of existing materiel, unless replacements are obtainable from the West. The availability of Western equipment, especially in a form which could be used in moun-

tain fighting, would permit the Yugoslav Army to resist for an extended period.

4. Yugoslav Intentions.

a. Relations with the USSR.

Yugoslavia's precarious position with respect to overwhelming Soviet power will continue to dictate a policy of restraint toward the Soviet bloc. The past year has demonstrated that the Yugoslav Government is capable of coping with Soviet-Satellite pressures, short of war, on a retaliatory basis. Tito, however, will avoid any major provocation, such as an overt move against Albania, which might be used by the Kremlin as a pretext for aggression. Although Yugoslavia is in a position to choke off Soviet traffic on the Danube River, as well as overflights of Yugoslavia to Albania, such steps would be undertaken only as retaliation for prior restrictions by the Soviet bloc.

If the Yugoslav leaders remain convinced of their growing security, they may be emboldened to intensify their attacks on the ideological aspects of Moscow's "deviation" from Communism to Great Russian chauvinism and imperialism. In those areas where Communism represents a force over which Moscow's control is tenuous or incomplete, Belgrade will probably increase its efforts to win support as the exponent of true international Marxism-Leninism, and of equalitarian rather than Moscow-dominated Communism. Titoist agents can be expected to attempt subversion in Cominform areas immediately adjacent to Yugoslavia. Yugoslav propaganda directed at the Satellites will continue to emphasize Yugoslavia's Communist orthodoxy, its unrivalled progress in the "building of socialism," and its independent position between the West and the USSR. On the basis of its own Communist doctrine, Yugoslavia will continue to support the position of the Communist bloc in the UN whenever such support does not clearly conflict with its own interests.

b. Relations with the West.

Yugoslavia's ability to resist any appreciable intensification of Soviet pressures will depend primarily on the continued support of the

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West. Consequently, the Tito government has undertaken, by gradual steps, to extend its relations with the West and has already achieved some success in allaying, at least partially, serious irritants to good relations. This trend has been generally evident in Yugoslav relations with Greece, Austria, and Italy, although relations with Italy which had shown signs of improvement have deteriorated because of the Trieste issue. The inbred hostility and suspicion toward the West of convinced Yugoslav Communists may undergo some slight modification as relations improve, but progress in this direction will be slow, if it occurs at all.

A number of serious obstacles must be overcome before further progress can be achieved toward amicable settlement of existing differences between Yugoslavia and the West. Yugoslav leaders will continue to defend with vigor what they consider to be Yugoslav national interest, although they will at the same time seek to avoid alienating Western, and particularly US, support. A limited and gradual improvement in Yugoslav relations with Greece is probable although an open Yugoslav accord with the Greek Government presents difficulties. Similarly, Yugoslav relations with Italy should gradually improve since such a development is advantageous to both governments. The Trieste issue, however, will present a major stumbling block to any Yugoslav-Italian settlement. In the broader field of international relations, the Yugoslav lead-

ers now place greater emphasis on the UN as a world forum in which Yugoslavia can make its voice heard.

Economic assistance from the West in the form of trade and loan agreements has already aided the Yugoslav Government in overcoming the detrimental effects of the Soviet economic boycott. The chief Yugoslav exports in 1949, however, consisting of non-ferrous metals, foodstuffs, and forestry products, did not balance the required imports of capital equipment, replacement parts, semi-finished items and raw materials. This has resulted in an exchange deficit which has been estimated as high as the equivalent of \$100 million, but is probably less. Since the value of imports planned for 1950-1952 will continue to exceed that of exports, continued expansion of the Yugoslav economy now hinges to a great extent on further monetary, technical, and material aid from the West.

The gap between imports and exports may be closed, however, by 1953 if prevailing international price levels are maintained and imports of machinery, based at least partially on Western loans, are adequate to allow for a planned annual expansion of exportable commodities. If fully implemented, Yugoslavia's economic agreements with the West will make available to Yugoslavia needed equipment, materials, and technical guidance which will exceed considerably that which might have been obtained from the Soviet bloc.

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